AMO REPORTS 82-14

RESPONSE TO THE HOUSING INITIATIVES CONTAINED IN THE 1982 ONTARIO BUDGET

THE ASSOCIATION OF MUNICIPALITIES OF ONTARIO
AUGUST 1982

ASSOCIATION OF MUNICIPALITIES OF ONTARIO

The Association of Municipalities of Ontario, a non-partisan voluntary organization, is united to promote the values of the municipal government system and the status of the municipal level of government as a vital and essential component of the total intergovernmental framework of Ontario and Canada.

The Association acts as the collective voice of Ontario's municipal governments and is organized to accomplish through cooperation and coordination, what the majority have neither the time nor the resources to do individually.

The Association represents some six hundred (600) municipal governments throughout Ontario. The governing body is composed of some eighty (80) municipal elected and appointed officials, who in turn represent a wide-range of municipal government interest.

The following sections and affiliated municipal professional associations form an important part of the Association's structure and therefore, play an important part in its activities in terms of the Board of Directors, program and policy development:

Association Sections.

* County and Regional Section
* Large Urban Section
* Northern Ontario Section (FONOM/NOMA)
* Rural (ROMA) Section
* Organization of Small Urban Municipalities Section

Association Affiliates.

* Association of Municipal Clerks and Treasurers of Ontario
* Association of Municipal Tax Collectors of Ontario
* Municipal Engineers Association
* Ontario Municipal Administrators Association
* Ontario Municipal Personnel Association
* Ontario Municipal Social Services Association
* Society of Directors of Municipal Recreation of Ontario

To the Municipal Clerk:

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"AMO Reports 82-14" was submitted to the Honourable Claude Bennett, Minister of Municipal Affairs and Housing, on September 17, 1982.

RESPONSE TO THE HOUSING INITIATIVES CONTAINED IN THE 1982 ONTARIO BUDGET

Introduction

AMO wishes to commend the Province of Ontario in taking unilateral initiatives in the housing field, independent of the Federal Government. These initiatives, costing some $133 million, should be recognized as an attempt to meet some of the housing issues in the Province of Ontario. In particular, AMO welcomes the initiatives in the field of rehabilitation which maintains the momentum set by the Provinces under the general policy and program initiatives "Ontario Renews".

The Association is nevertheless disappointed that initiatives assisting low and moderate income households were limited and that the needs in particular of special groups identified by AMO previously have not received any response.

The Association is very disappointed that Management Board has not yet approved the funding for Inno-Rent, REntHAB, and Demonstration Projects, although these programs were announced by the Minister of Municipal Affairs and Housing on May 14, 1982. Further, the Association has not been able to learn of any date when the funding will now be considered for approval.

Inno-Rent

The Association welcomes the Government's $48 million initiative towards innovation as set out in this program and agrees with the objectives of boosting construction in areas where the rental vacancy rates are 2% or less and encouraging development and financial communities to use innovative financial arrangements and proposals based on mixed-land use and alternative forms of land tenure.

We are pleased that the initiative includes making a percentage of units available to low income families, seniors and the physically disabled. However, we would like to see longer term agreements for rent supplement in these units and that for the disabled, the units are properly designed.

A number of properties that could be available for this program are owned by municipalities. There is some doubt whether municipalities will participate in the program for fear of losing control over these properties. AMO recognizes that Inno-Rent will require a good deal of municipal initiative regarding re-zoning, building and renovation codes and regulation.

REntHAB

The Association welcomes this program and strongly supports the aim to encourage the rehabilitation and preservation of rental units in existing buildings which fall below local maintenance and occupancy by-law standards and to help discourage demolition of older rental buildings.

AMO's prime concern with REntHAB is that it is underfunded at $9 million. We hope that this program will be expanded to the scale of OHRP and expect that even then, both programs should be expanded to accommodate the growing demand for rehabilitation and home renewal. The Association has some concerns regarding the details of applicability and eligibility both in terms of area and unit type which will be communicated to the Ministry of Municipal Affairs and Housing unless discussion of the details with the Ministry resolves these issues.

Finally, with respect to improving the living conditions of the most disadvantaged segment of society, the Association seeks clarification of whether hostel and rooming house accommodations would be eligible for the program. The Association would request this inclusion.

Demonstration Projects

AMO supports the innovative initiative of demonstration projects to create new rental units from existing housing by overcoming constraints to housing conversion such as zoning impediments, building and renovation code issues and public attitudes.

Ontario Renter-Buy Program

AMO congratulates the Province in announcing a program that will provide jobs for the construction trades and home buyers with an opportunity to own their own homes sooner than they may have planned, freeing up rental accommodation.

Although AMO agrees with the importance of these objectives, the Association does not believe this program will materially benefit those of low and moderate incomes who should receive first priority for shelter aid.[1] It is AMO's contention that the renter-buy program will benefit those who have extra capital and relatively high incomes.

The program, while assisting with the development of new homes, will, unfortunately, create a further depression of the already depressed resale housing market.

Quick-Pay Mortgages

AMO supports this program which may enable homeowners to reduce the time period for paying off their mortgages and reduce long-term costs. Furthermore, we are optimistic that this program may help those people with limited funds to budget for their mortgage payments more easily.

Conclusion

AMO commends the Province for announcing these housing programs and is pleased that the Province is monitoring its initiatives in the field of rehabilitation. AMO encourages Management Board to approve funding for the announced programs for which funding has not yet been allocated. Although AMO recognizes the renter-buy program to be a valuable employment generating program, it remains disappointed at the limited assistance to low income groups, particularly those with special needs. The Association is prepared to work with the Province on program design and "fine tuning" the Government's initiatives in the field of rehabilitation, and in fact, has commenced work on this already.

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[1] Appendix provides examples of incomes required to take advantage of the Ontario Renter-Buy Program

APPENDIX

EXAMPLE 1 OTTAWA

TOTAL PURCHASE PRICE		90,000
Minimum Downpayment 10%	9,000	
Maximum Renter-Buy Loan	5,000	14,000
Mortgage		76,000

If the purchaser requires a mortgage of 76,000
mortgage rate 18%
amortized 25 year term

Monthly cost for principal and interest $1114.45

If the purchase applies 25% of income to shelter, the purchaser requires an annual income of $53,494.00

EXAMPLE 2 OTTAWA

TOTAL PURCHASE PRICE		75,000
Minimum Downpayment 10%	7,500	
Maximum Renter-Buy Loan	5,000	12,500
		62,500

If the purchaser requires a mortgage of 62,500
mortgage rate 18%
amortized 25 year term

Monthly cost for principal and interest $937.66

If the purchaser applies 25% of income to shelter, the purchaser requires an annual income of $45,008.00.

If the purchaser applies 30% of income to shelter, the purchaser requires an annual income of $37,500.00

EXAMPLE 3 CAMBRIDGE

TOTAL PURCHASE PRICE (semi detached or basic bungalow no garage)		45,000
Minimum Downpayment 10%	4,500	
Maximum Renter-Buy Loan	4,500	9,000
Mortgage		36,000

If the purchaser requires a mortgage of 36,000
mortgage rate 19%
amortized 20 year term

Monthly cost for principal, interest and taxes $641.94.

If the purchaser applies 30% of income to shelter, the purchaser requires an annual income of $25,680.

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